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RECONSTITUTING RAILROAD REGULATION

BY GEORGE A. POST

"What," I am asked, "is involved in reconstituting the agencies of railroad regulation?" As I enter upon the adventure of redeeming a promise made long ago to discuss that question for *The Annals* the agencies of railroad regulation have been deposited for the most part in cold storage and the railroads themselves have been reconstituted, with a vista of future reconstitution which no wise man will attempt to prefigure.

The only reason why the Editor of *The Annals* would invite an expression from me is that I happen to bear the honor of being President of the Railway Business Association, a national organization of manufacturers, merchants and engineers who deal with railways. Hence the only reason why I should express views upon the transportation question is because the Railway Business Association had formulated a program. We had formulated proposals before the United States entered the war, but here we are with a new heaven and a new earth and I cannot yet speak for my associates with authority on the altered aspects as they now confront us.

As purveyors of equipment and supplies we have in the past dealt with the employes of railroad corporations whose owners were legion. Today we deal with the same individuals, but they are now government officers. What further evolution in our commercial transactions the war may bring as it wears on we shall greet with equanimity and with a determination to perform our utmost for the success of the temporary government operation necessitated by the war.

Concerning the status which shall follow the conclusion of peace I can only utter my individual hopes. Miles of good white paper have been consumed in foretelling what will be different after the war. Certain things, I pray heaven, will be the same after the war—the same that they have been since that bleak day 297 years ago when the Pilgrims entered the wilderness at Plymouth Rock.

Now what is meant by the competition which it is desirable to preserve as a feature of the new railroad structure that is to supersede government operation after the conclusion of peace? Mighty

few hard-headed citizens will feel inclined to give up the advantages which unification has given both under the Railroads' War Board from April to December and under the government Director General since—advantages arising from mobilization of rolling stock without regard to ownership, common use of facilities and the routing for directness and cheapness as distinguished from earnings for individual railroad corporations. Foolish competition seems more susceptible to modification than before the war. The government is performing functions which previously business men performed. The conditions under which business men did their work were those of compulsory competition indiscriminately comprehensive. The government has promptly removed from its own path some of these obstacles. Whatever we have gained in transportation by substituting coöperation for competition we shall keep, in so far as such retention is consistent with retention of competitive elements essential to progress.

Competition is not confined to rivalry between corporations. Competition exists among the officers and employes of each corporation for promotion. That is the first condition which I hope will be preserved the same in transportation after the war.

As I write, news comes that the Director General of Railroads has divided the country into three regions and appointed as regional managers three men—A. H. Smith, R. H. Aishton and C. H. Markham. Who are these men? Mr. Smith entered the service of the Lake Shore & Michigan Southern Railway as a messenger boy in 1879 and in 1914 had reached the presidency of the New York Central Lines. Mr. Aishton in 1878 was an axman in the engineer corps of the Chicago & Northwestern Railway and in 1916 became president of the same company, having like Mr. Smith made his way through the grades. Mr. Markham in 1881 was a section laborer on the Atchison, Topeka & Santa Fé and after a rapid rise within the Santa Fé organization was induced by the Southern Pacific to become general freight and passenger agent of its Oregon lines in 1897, being appointed general manager of the Southern Pacific in 1904. After a period passed in the management of petroleum companies he was elected in 1911 president of the Illinois Central Railroad. Each of the three is the product of rivalry for advancement within an operating railroad unit. We do not know where the Director General of Railroads would have found men to

be regional managers under the war régime if the railroad organizations which I have mentioned had not existed. What we do know is that those organizations did exist as institutions within which advancement was open to the humblest beginner, whom no influence but his own incapacity or delinquency could repress and who needed no influence but his own ability and energy for the ascent to the topmost rung. The men were there when the country called and it was in those organizations that they were trained.

Important, however, as competition is within the organization it is equally important between railroad organizations. Every management knows that its performance will be measured by the foremost achievement of its contemporaries. Every aspirant is stimulated by the knowledge that leadership in achievement by him will bring opportunity for advancement by transfer to other companies.

As a manufacturer of railway appliances I contemplate with satisfaction and zest the preservation of a substantial number of independent railroad units. The progress of the art toward increase of safety, speed, convenience and cheapness by the development of new inventions is a fascinating story of indifference or opposition by one railroad and appeal by the developer to another and another until a test is somewhere accorded, a demonstration afforded and the qualities of the discovery made known in practice. Let us preserve the appeal; in that way lies progress.

If citizens in their individual capacity are to subscribe the capital and be responsible for the management of the railways under regulation, one new and untried element must be introduced into regulation. The government must hold some one of its branches responsible for keeping watch over railway revenues and when they are inadequate for proper service, including the attraction of new capital for additions, betterments and extensions, this branch must take steps to correct the deficiency.

Every student of current discussion and events knows that numerous aspects other than those to which I have referred are under debate and to many it will seem that some of those which I have not specified are too important to be omitted even from so highly condensed a statement as this. Nevertheless I am content to specify at this time these two elementals—individual initiative and adequacy of revenue—as the essential factors in a national railway system.